

# KING COUNTY AUDITOR'S OFFICE HIGHLIGHTS OF 2005 ACCOMPLISHMENTS



**King County**

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## AUDITING FOR RESULTS: ADVANCING A 35-YEAR TRADITION

The King County Auditor's annual report for 1970, the inaugural year of operation for the office, remarked on the importance of the office's "watchdog" role and the value of offering solutions to policy makers. Three and a half decades later, the auditor's office continues to produce audits and studies that have an impact on the performance, efficiency, and financial accountability of King County government.

In 2005, county agencies agreed to implement nearly 100 percent of our recommendations identified in 16 audits and special studies. We are particularly proud of our multi-phase projects that allow for achieving impacts on large, complex issues. These in-depth projects have yielded:

- Efficiencies that reduced the Department of Adult and Juvenile Detention's Integrated Security Project budget by \$2.4 million.

### **Mission Statement**

The King County Auditor's Office conducts independent audits and studies that identify and recommend ways to improve the accountability, performance, and efficiency of King County government.

- For policy makers, improved accuracy in estimating costs and benefits of replacing the county's outdated financial and payroll systems.
- Identification of ways to control major drivers in county workers' compensation claims and costs.

Our work in 2005 also focused on emerging issues that were important to county residents, such as audits of the county's elections operations and the procurement process for the new \$1.6 billion wastewater treatment plant.

With the support of the Metropolitan King County Council, cooperation with stakeholders, and the commitment of a highly professional audit team, we continue to advance a tradition of independent and rigorous performance and financial audits to save money and improve the delivery of services to the citizens of King County.

## **OPPORTUNITIES IDENTIFIED TO RESTORE PUBLIC CONFIDENCE IN COUNTY ELECTIONS** **Elections Operations Management Audit**

The purpose of this council-mandated management audit was to identify opportunities to improve the organization, management, and performance of county elections, consistent with the council's overarching goal of increasing voter confidence in the county's election process. We retained a nationally recognized consulting team with extensive elections expertise to conduct the audit.

Consistent with our audit recommendations, the following actions were taken or are underway to improve the integrity of county elections processes:

- Enhancing elections facilities, ballot and systems security, poll worker training, and operational procedures to reduce the risk of voting errors and process breakdowns, and to improve the accuracy of elections results.
- Endorsing an all-mail elections system for county voters to improve the cost-effectiveness of elections. The council will consider formal action on an all-mail voting policy in 2006.
- Exploring options to strengthen the county's elections organizational structure, leadership, and communications to improve elections efficiency and public accountability.

We plan to monitor the county's progress in implementing these and other recommendations in 2006 given the importance of restoring voter confidence in the elections process.

## CONTINUED IMPROVEMENT IN MANAGEMENT OF SHERIFF'S OFFICE OPERATIONS

### King County Sheriff's Office: Phase 2

This was the second of two performance audits of the King County Sheriff's Office (KCSO). This audit identified the need for the KCSO to continue strengthening its management of patrol resources and federal grants, and recognized the progress made to improve its operational planning capabilities. Federal grant accounting practices have already been improved in response to this review.

Additional expected impacts of the audit include:

- Aligning daily activities such as patrol operations with broader agency performance objectives will enhance the KCSO's capacity to achieve its long-term goals.
- Linking patrol staffing levels with performance objectives and the factors that impact staffing needs will facilitate more strategic, informed resource allocation decisions.

In this review we also found that the KCSO used our 2004 audit recommendations to improve its management in the areas of strategic planning, patrol operations, and overtime tracking. We plan to continue our follow-up efforts later this year.

## OPPORTUNITIES TO CONTROL HIGH WORKERS' COMPENSATION COSTS

### Workers' Compensation Program

Our office has completed two audits of the county's workers' compensation program since 2004. While our 2004 audit focused on the financial condition of the Workers' Compensation Fund, the 2005 audit focused on the factors contributing to high workers' compensation costs at the Department of Transportation Transit Division. The report also identified opportunities to control county workers' compensation costs.

Potential impacts of the audit include:

- A reduction in workers' compensation costs by eliminating disincentives to return to work.
- More effective cost controls by adhering to best practices and improving performance measurement.

We also followed up our 2004 financial audit and found that the county has developed plans to address the deteriorating condition of the Workers' Compensation Fund and to report more accurately the full liability of claims filed.

## ADVANCING PERFORMANCE MEASUREMENT & ECONOMIC ANALYSIS IN CAPITAL PLANNING

### Transit Capital Planning and Management

This audit of the Transit Division of the Department of Transportation identified improvements to strengthen its capital planning and performance measurement efforts.

Potential audit impacts include:

- Improved economic analyses of potential capital investments, such as the purchase of replacement buses.
- Clarification of facility needs and priorities.
- More meaningful information about capital planning outcomes for managers and policy makers.
- Strengthened performance measurement and peer reporting.

This project was the third in a series of audits examining the county's approach to planning, prioritizing, and managing capital improvement projects. Prior audits in the series included reviews of the Wastewater Treatment Division (2003) and the Roads Division (2004). In 2006, we will conduct a follow-up review of these three audits and examine the county's capital acquisition models.

## INCREASING TIMELINESS AND EFFECTIVENESS OF THE PROCUREMENT PROCESS

### Procurement Practices for Brightwater Design Engineering Services

This was the first of two audits focusing on the county's \$1.6 billion Brightwater Wastewater Treatment Facilities capital project. This audit evaluated the timeliness and cost effectiveness of the county's procurement and contracting practices for design engineering services for the pipelines and pumping stations that carry wastewater to and from the Brightwater treatment plant.

Expected audit results include:

- Greater assurance that design engineering costs are fair and schedule delays are justified.
- Improved timeliness through collaboratively developed, project-specific procurement schedules.
- More proactive resolution of key procurement concerns to increase the efficiency and effectiveness of county procurement practices.

A second Brightwater audit focuses on the management of change orders and contract amendments for the treatment facility design.

## MEASURING PERFORMANCE IN KING COUNTY

Under the leadership of the County Auditor, the Performance Measurement Work Group developed the framework necessary to implement the first countywide system of strategic performance measurement and reporting in 2005. The auditor's office created the work group in 2004 in response to a council directive to advance performance measurement in King County. In 2005, the council asked the auditor's office to expand the work group to include participants from the courts and other agencies headed by separately elected officials. As a result, all three branches of county government are now represented on the work group.

The work group's 2005 accomplishments include:

- Securing support from all county elected officials for the increased accountability a performance reporting system will provide.
- Analyzing and providing feedback on five agency business plans.
- Drafting a plan for implementation of a countywide system of strategic performance measurement that is directly linked to resource allocation and is publicly reported.

The work group will transmit its plan to the council in 2006.

### KEY MILESTONES FOR INTEGRATED SECURITY PROJECT SCHEDULED FOR 2006

#### Integrated Security Project and Operational Master Plan

In 2005, our office continued to provide oversight for the county jails' Operational Master Plan (OMP) and Integrated Security Project (ISP). The OMP outlines options for improving operations at the county's two jails over the next several years. The ISP is a capital project for replacing the electronic security system in the downtown jail while it continues to operate.

In 2004, audit staff analyzed the costs, benefits, and operational issues associated with these two projects. Most notably, we identified efficiencies that reduced the ISP budget by \$2.4 million. Over the past year, we shifted our focus to monitor the implementation of the ISP and OMP and participated in advisory work groups for the projects.

We found that the ISP project is on schedule for completion in 2007. Following our recommendations, the Department of Adult and Juvenile Detention (DAJD) will likely achieve additional cost savings through its successful efforts to coordinate construction crews and limit the need for escorts in the construction areas of the jail. The ISP project will reach key milestones in April 2006, and we will continue to evaluate project status at that time.

DAJD has formed implementation teams to review the feasibility of the OMP recommendations. Successful implementation will be gradual. Many new ideas with potential for improvements will have to be tested on a small scale before they are used more generally.

### OVERSIGHT OF BUSINESS CASE FOR COUNTYWIDE FINANCIAL & HUMAN RESOURCES SYSTEM

#### Accountable Business Transformation (ABT)

As requested by the council, the auditor's office provides ongoing oversight of the ABT program, which focuses on replacement of the county's aging financial and payroll systems. In 2005, we reviewed an outside consultant's recommendation for a new integrated countywide financial, human resource, payroll, and budget system. Although the overall costs were not clearly expressed, we found the cost estimates were reasonable. The project's anticipated benefits are likely to be significantly lower than estimated. However, the project has the potential to pay for itself.

With the implementation of our recommendations, the county's decision makers would receive the financial and performance information necessary to effectively track project costs and evaluate whether ABT is meeting the county's goals.

### STUDY PROPOSED TO ADDRESS COURT WORKLOAD CONCERNS

#### Review of Feasibility Analysis for Consolidating Court Administrative Functions

In 2005, Superior Court, Department of Judicial Administration, District Court, and the Office of Management and Budget issued a feasibility analysis that evaluated options to improve court operations by consolidating administrative functions and sharing resources. Our review concurred with District Court's plan to conduct a comprehensive staffing study and offered recommendations to increase the likelihood that new staffing plans would effectively address workload concerns and changes.

### FOLLOW-UP REVIEWS DEMONSTRATE THE VALUE OF AUDIT WORK

In accordance with government auditing standards, we conduct follow-up reviews each year to assess county agencies' progress in implementing prior years' audit recommendations. These reviews demonstrate the impact of our audits on improving government accountability, performance, and efficiency.

During 2005, we followed up on county agencies' progress in implementing recommendations from five prior audits. We determined that 26 of 28 recommendations were fully or partially implemented.

Implementation of our recommendations led to improvements in the following areas:

- Sheriff's Office strategic planning efforts and management of patrol operations and other staffing issues.
- Department of Development and Environmental Services' performance monitoring.
- Records storage efficiency and use of cost-effective private storage options.
- Roads Services Division's capital planning processes.
- Workers' compensation program reporting practices and the Workers' Compensation Fund's financial condition.

### MONITORING EXTERNAL FINANCIAL AUDITS

#### Audit Findings of the Washington State Auditor and Deloitte and Touche

The auditor's office reviews external audit reports and provides the council with comments regarding the findings and adequacy of the county's response.

In 2005, we reviewed external audits conducted by the State Auditor's Office and the accounting firm, Deloitte and Touche. These audits focused respectively on the county's financial accounting practices and the financial statements for the county's Public Transportation and Water Quality enterprises. We made no additional recommendations but are monitoring the county's corrective action.

### PUBLIC CONFIDENCE IN COUNTY GOVERNMENT

In response to increased councilmember requests and public interest, our traditional focus on efficiency and effectiveness efforts continues to expand to include audit recommendations that:

- Promote transparency in county operations and consistency with public expectations for quality service delivery.
- Emphasize meaningful, long-term outcomes commensurate with county taxpayers' investment in and desire for accountable government.
- Maintain or restore public confidence by providing reasonable assurance on the integrity of highly critical and visible public functions through independent, fact-based reports.

#### Reappointment of County Auditor

In 2005, Cheryle Broom was unanimously reappointed as the county auditor for another four-year term. The council recognized that the auditor's office has increased productivity, credibility, and professionalism, and has improved its usefulness to the council's decision making under Cheryle's leadership.

## IDEAS WELCOMED

Please contact our office if you have any questions or suggestions. Find us on the Web for more information on the audit process, completed projects, or new studies scheduled for 2006.

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